

**CARLSBAD TOURISM BUSINESS IMPROVEMENT DISTRICT
(CTBID) BOARD**

MINUTES

May 4, 2007

11:00 a.m.

**1635 Faraday Avenue, Room 173A
Carlsbad, CA**

I. CALL TO ORDER: **11:03 a.m.**

Chairperson April Shute called the meeting to order at 11:03 a.m.

II. ROLL CALL:

The Chair took roll call and four Directors were present at that time. Director Vallas later arrived at 11:20 a.m. Director Stripe was absent. There is one vacancy on the Board due to the resignation of Mr. Kauhaahaa. General Counsel Ronald Ball was absent and Deputy General Counsel Paul Edmonson served in Mr. Ball's capacity.

III. APPROVE MINUTES OF THE MARCH 30, 2007 MEETING

Mr. Cima made a motion, seconded by Mrs. Howard-Jones, to approve the minutes of the March 30, 2007 meeting. Motion carried by unanimous vote.

IV. STAFF REPORT

Mrs. Gerhardt presented a staff report to update the Board members on financial activity that has transpired since the previous meeting. (The PowerPoint slide presentation is attached to these minutes.) The CTBID assessment revenues for the past twelve months (April to April) were \$752,000, a little behind estimates. The average occupancy rate was 63%. The current fiscal year revenue through April, 2007 was \$607,170 and expenditures were \$402,136. Current year contingency is \$73,205 and unbudgeted reserves are \$158,000. Mr. Canepa requested that revenue related to the occupancy rate (just hotels, not timeshares) be shown as well.

**V. AB #0507-18 – SAN DIEGO NORTH CONVENTION AND VISITORS
BUREAU PERFORMANCE MEASURES**

Mrs. Gerhardt provided a report on a performance measurement system that has been developed for monitoring the activity of San Diego North Convention and Visitors Bureau (SDNCVB). This system will track the actual room nights

booked as a result of SDNCVB activity, and the value of the visitor spending at the hotels related to those room nights. She described some of the obstacles that were encountered, namely: 1) Multiple rates within a contract due to different room types, number of people per room and different seasons, weekend vs. weekday; 2) Reporting of actual revenue is dependent on hotels reporting back to SDNCVB; and 3) Some people book outside the block of rooms. Ms. Cami Mattson, President & CEO of SDNCVB, reviewed the report highlighting the breakdown by: Report Summary, Contracted Definite Accounts for Carlsbad booked July 1, 2006 through March 31, 2007, and the Consumer History for Contracted Definite Accounts that Traveled to Carlsbad. She stated that the report will be based on contracted room nights. They will use an Average Daily Rate as reported by Smith Travel Research by hotel group for Carlsbad. An additional amount will be added for meals and incidentals. Mr. Canepa suggested that the report include how much business the hotels are getting in comparison to the amount of money that the CTBID pays to the Bureau.

Following the presentation, the Board members reported they were very impressed with the report and congratulated all involved on a fantastic job.

Mr. Canepa made a motion, seconded by Mr. Cima, to incorporate the performance measurement system into future contracts with the SDNCVB. Updated reports will be provided by the Bureau to the CTBID Board members on a quarterly basis. Motion carried by unanimous vote.

VI. AB #0507-19 – 2007-08 BUDGET DISCUSSION

The Board members heard a report and recommendation from staff and the budget subcommittee (April Shute, Robert Cima and Tim Stripe) recommending that the CTBID enter into contracts with both CCVB and SDNCVB for 2007-08 in amounts 10% above the current contract amounts. CCVB's contract for 2007-08 will be \$448,000, and SDNCVB's contract will be \$110,000. The spending plan for 2007-08 includes \$780,000 in revenue and \$793,300 in expenditures. The expenditures include a \$150,000 contingency. This allows the Board to retain a surplus of revenues over expenditures of about \$240,000 at this time. These funds may be appropriated after the completion of the marketing and positioning study scheduled for fall 2007.

Mrs. Gerhardt explained that the 2007-08 budget must be presented to the City Council prior to the end of June 2007. She suggested a specific date of June 19. At that meeting, the Council will hold a public hearing regarding the levy of the \$1 per room night assessment for the 2007-08 fiscal year.

Mr. Cima made a motion, seconded by Chair Shute, to direct staff to prepare the 2007-08 annual budget, and to prepare the agreements to extend the contracts with the two Bureaus which both expire on June 30, 2007. These items will be presented for approval by the Board at its next meeting. Motion carried by unanimous vote.

VII. DISCUSSION ITEMS

Mrs. Gerhardt reported that the Positioning Study Subcommittee (Robert Cima, Tim Stripe, and Barbara Howard-Jones) met and chose June 22, 2007 from 10:00 a.m. to 3:00 p.m. in Room 173B at the Faraday Center, to hold the positioning study kickoff workshop. This is a private, invitation-only meeting. Homework will be sent to the attendees prior to the meeting in order to prepare them for the actual workshop.

The subcommittee members suggested the following people comprise this working group:

- Tim Stripe, Positioning Study Subcommittee member
- Barbara Howard-Jones, Positioning Study Subcommittee member (or her designee, the GM at her property)
- Rob Sapp, Four Seasons Marketing Director
- Denise Chapman, La Costa Director of Marketing
- Legoland representative
- Flower Fields representative
- Cami Mattson, SDNCVB
- Kurt Burkhart, CCVB
- Robert Moore, GM Hilton Garden Inn

None of the Board members objected to the subcommittee's recommendation.

VII. NEXT MEETING

The next regular meeting will be held on Friday, June 1, 2007, at 11:00 a.m. and will be held at 1635 Faraday Avenue, Room 173A.

Action: Agenda items will include: 1) 2007-08 budget approval; and 2) extension of the current contracts with Carlsbad Convention and Visitors Bureau and San Diego North Convention and Visitors Bureau, which expire on June 30.

ADJOURNMENT

Chair April Shute adjourned the meeting at 11:55 a.m.

Respectfully submitted,

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Sheryl Keller
Recording Secretary

Carlsbad Tourism Business Improvement District

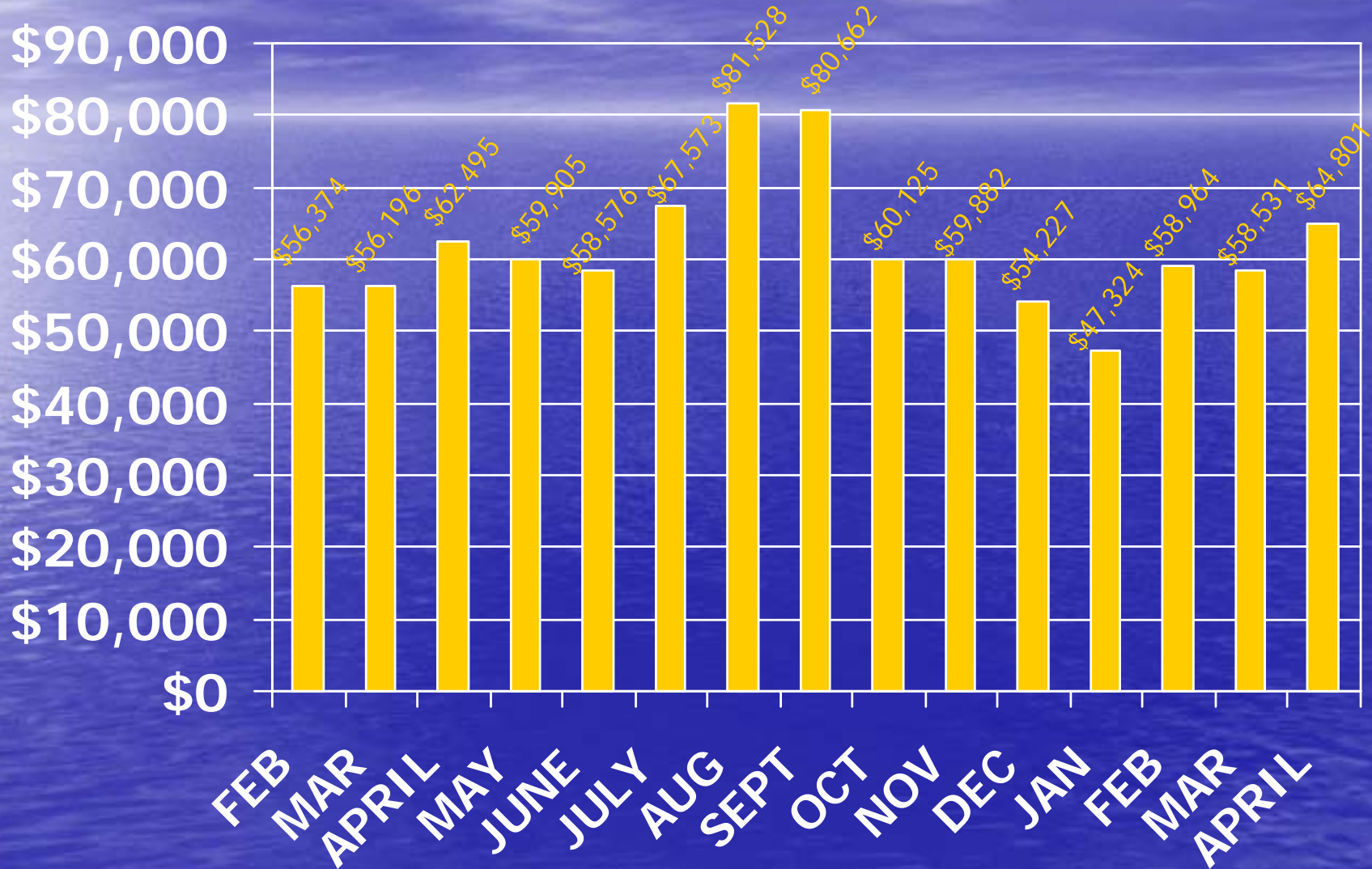
Financial Update

By: Cheryl Gerhardt

May 4, 2007

CTBID Assessment Revenue

15 month period



Month revenue remitted

Ave occupancy rate 63%

2006-07 Budget to Actual

as of 4/30/2007

Program Areas	Budget	Actual 30-Apr-07	Remaining Balance
<u>Revenues:</u>			
CTBID Assessment	790,000	600,401	189,599
Interest Earnings	1,000	6,654	(5,654)
Total Estimated Revenues	791,000	607,170	183,945
<u>Expenditures:</u>			
2% Administrative Fee - City	15,800	9,890	5,910
CCVB Contract	408,000	306,000	102,000
SDNCVB Contract	100,000	74,999	25,001
Staff support	15,000	11,247	3,753
Positioning Study	95,000	0	95,000
Contingency	73,205	0	73,205
Total Expenses	707,005	402,136	304,869

Financial Highlights

- CTBID Revenue for Jan-Dec 2006 \$747K
- CTBID Revenue April 06 – April 07 \$752K
- Average occupancy rate 63%
- Current year contingency \$73,205
- Unbudgeted reserves \$158,000

SDNCVB Performance Measures

Background

- CTBID board directed staff to develop criteria to measure the effectiveness of activities performed by SDNCVB
- CTBID board was interested in objective criteria that measured actual hotel spending for contracted sales

SDNCVB Performance Measures

Obstacles

- Multiple rates within a contract
 - Different room types
 - # of people per room
 - Different seasons, weekend, weekdays
- Reporting of actual revenue dependent on hotels reporting back to SDNCVB
- Some people book outside the block of rooms

SDNCVB Performance Measures

Proposed Method

- Report based on contracted room nights
- Use ADR as reported by Smith Travel Research by hotel group for Carlsbad
- Add an additional amount for meals and incidentals
- Report Quarterly
- Additional information will be provided on consumed revenue when obtained

Program Areas	2006-07 Budget	Projected 2006-07 Actuals	Recommended 2007-08 Budget
Carryover Fund Balance	\$74,005	74,005	200,005
<u>Revenues:</u>			
CTBID Assessment	790,000	750,000	775,000
Interest Earnings	1,000	9,000	5,000
Total Estimated Revenues	791,000	759,000	780,000
<u>Expenditures:</u>			
2% Admin. Fee - City	15,800	15,000	15,500
CCVB Payment	408,000	408,000	448,800
SDNCVB Payment	100,000	100,000	110,000
Positioning Study*	95,000	95,000	0
Staff support	15,000	15,000	15,000
Contingency	73,205	0	150,000
Total Expenses	707,005	633,000	739,300
Ending Fund Balance	\$158,000	200,005	240,705

Positioning Study

- Kickoff meeting Friday, June 22, 10am – 3pm
- Recommended Attendees:
 - Tim Stripe, Positioning study subcommittee member
 - Barbara Howard Jones or GM, Positioning study subcommittee member
 - Rob Sapp, Four Seasons Marketing Director
 - Denise Chapman, La Costa Director of Marketing
 - Lego land representative
 - Flower Fields representative
 - Cami Mattson, SDNCVB
 - Kurt Burkhardt, CONVIS
 - Robert Moore, GM Hilton Garden Inn